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## *Rewald firm held bankrupt despite claim of CIA tie*

By Walter Wright  
*Advertiser Staff Writer*

Ronald Rewald claimed yesterday that the CIA put money into his firm and directed the investment of the CIA funds.

And Rewald said he was phasing out his clients' investment accounts in favor of other investments when a television station's "attack" on him and his company started a "run."

Rewald's attorney, Robert A. Smith, suggested that Rewald's company was far from bankrupt because as much as \$6 million of the \$12 million invested had come from sources other than "legitimate investors" and would never be claimed.

Smith appeared to be referring to the CIA and to "cover funds from highly-placed foreigners."

But U.S. District Court Judge Martin Pence ruled that Re-

wald's firm is bankrupt no matter where the money came from or went. Pence ordered that an estimated \$2 million in assets be gathered and sold to pay back some of the \$12 million invested by about 400 persons.

The judge also refused to lift a freeze on Rewald's assets so Rewald could pay legal fees.

For Rewald to ask for such funds after fleecing the public and looting the company was tantamount, bankruptcy trustee attorney Don Gelber said, to "a person convicted of murdering his mother and father who then begs for mercy on grounds he is now an orphan."

Pence said there were no documents to back Rewald's claims about mysterious investments in "pie-in-the-sky" things like Indonesian tea plantations, or that the CIA ordered the

See Firm on Page A-4

THE HONOLULU ADVERTISER, SEPTEMBER 21, 1983

## Trustee Wants to Step Down

# Rewald Settlement to Take Years

9/22/83  
By Charles Memminger  
Star-Bulletin Writer

It will be some time before Ronald R. Rewald's houses, horses and heirlooms are auctioned off to repay creditors some of the millions of dollars they invested in Bishop, Baldwin, Rewald, Dillingham & Wong even though the company now is officially bankrupt.

Interim bankruptcy trustee Thomas Hayes said there are at least two "solid" years of work to be done in the liquidation process.

Before any of Rewald's personal assets can be sold, however, Hayes or whoever is eventually appointed the permanent trustee, has to go back to federal court and ask that a constructive trust on Rewald's personal items be imposed.

Hayes said this possibly can be achieved through a court order but that there may have to be a

trial on the matter.

THE ONLY OTHER way Rewald's personal belongings, such as his art collection, polo ponies and house fixtures, can be sold is if Rewald agrees to it.

The only things that can be sold now are items belonging to the company, such as office furniture, Hayes said.

Although Rewald, in a court affidavit, claimed the furniture was worth \$2 million, Hayes said the total amount he could get for the furniture is about \$150,000. The company's total assets are less than a million dollars, he said.

Asked where he thought Rewald came up with the \$2 million figure as the value of the furniture, Hayes said, "Fantasyland."

ONE OF THE first things to do in the bankruptcy proceeding is to appoint a permanent trustee, Hayes said he told U.S. Judge Martin Pence Tuesday he wants

to step down but offered his services as an administrator.

"The bankruptcy code does not contemplate the trustee being a full-time person in matters of this sort," Hayes said.

"It requires somebody on a salary basis to do the administrative job that has to be done. A permanent trustee is more of a caretaker, he can't afford to spend the time that a job like this will take."

Just how much work needs to be done is not clear, but Hayes said the process would take at least "two years of solid work. Who knows, we have just seen the very tip of the iceberg."

THE TRUSTEE'S first duty will be to make up a list of schedules as to who is to be paid first with the money raised from the sale of company assets.

At that point, the total list of investors, except for those who specifically ask not to be named, will be made public, Hayes said.

That could occur within 30 days.

The trustee will then look at the "preferential transfers," or money or assets that were dispersed to people up to a year before the company collapsed.

According to bankruptcy laws, the trustee has the right to demand the return of some of lost assets.

Two consultants, it is currently known, received \$210,000 shortly before the company collapsed. That money apparently must be returned.

One of those persons is Jack Kindschi, former head of the CIA, office here, who was given \$140,000. The other was Killian Bode, Hayes said, who was given \$70,000.

The trustee then will begin investigating company "wrongdoers" and look at possible lawsuits against them. In the the Holiday Mart bankruptcy, which Hayes handled, more than 30 lawsuits were filed, he said.

## Rewald asset ruling repeated

U.S. District Judge Martin Pence ruled again yesterday that no personal assets held by jailed investment counselor Ronald Rewald may be used to pay for his legal defense.

Pence denied a motion by attorneys Brook Hart and Peter Wolff for assets to be released to pay them for work

on Rewald's behalf.

Pence on Tuesday denied a similar motion from attorney Robert Smith. Rewald's firm — Bishop, Baldwin, Rewald, Dillingham and Wong — has been declared bankrupt with some \$650,000 in assets. Claims filed by investors so far total about \$6 million.

ADVERTISER 9/22/83 P. A 5

# Rewald Bankruptcy Case Gets Key Hearing Today

By Charles Memminger  
Star-Bulletin Writer

Attorneys in the Ronald R. Rewald case were to square off in federal court today in a significant legal skirmish to determine if Rewald's company actually is bankrupt or not.

Interim bankruptcy trustee Thomas Hayes, after reviewing the company records for several weeks, believes there is no question that the company does not have the money needed to pay back creditors.

But Rewald's attorney, Robert Smith, contends there are enough questions about the solvency of the company and the circumstances surrounding its downfall to merit a jury trial.

It will be up to U.S. Judge Martin Pence to decide if there will be a trial or if the involuntary bankruptcy will continue and a permanent trustee will be appointed, as requested by creditors.

Also to be decided is Smith's request that some of Rewald's frozen assets be released to pay attorneys' fees in both his criminal and civil cases.

HAYES AND his attorneys, Don Jeffrey Gelber and James Wagner, are steadfastly opposed to releasing any of Rewald's money for his defense. Gelber laid out their reasoning in a strongly worded memorandum that included a quotation by a British defense minister on the eve of the Falkland Islands invasion: "The burglar must not be allowed to keep the spoils."

He said there has been a strong showing that "Mr. Rewald systematically looted" Bishop, Baldwin, Rewald, Dillingham & Wong, that "He should not now be allowed to use those funds for his personal benefit - especially to gain control of the corporation's remaining assets and to defend his own corporate wrongdoing."

Gelber also attacked Smith's proposal to use classified materials in Rewald's defense, this time using a quotation from Samuel Johnson: "Patriotism is the last refuge of a scoundrel."

SMITH WAS to ask Pence at today's proceeding to allow him access to classified documents previously sealed by the court and to use a confidential affidavit filed by Rewald.

Gelber said in his memorandum that he doubted if any "secret papers" would have a bearing on the bankruptcy.

"When the Rewald fraud was unmasked, many . . . depositors demanded their money back," he said. "The money wasn't there and the creditors weren't paid. No secret affidavit can alter that fact."

Gelber went on to say that Rewald "is attempting to hide the bankruptcy of his company and

## In Hawaii...

Honolulu Star-Bulletin A-3

Tuesday, September 20, 1983

his own highly questionable conduct in a cloak of secrecy."

The involvement of classified documents in the Rewald case and Rewald's hazy connection to the CIA have been intriguing aspects of the case.

DESPITE the fact that the former head of the CIA office here, Jack Kindschi, was one of Rewald's consultants and Rewald's claims to other consultants that he had some relationship to the CIA, the allegation was dismissed by investigators on the case. But after some "classified" documents were found in Rewald's company files by CIA agents sent from Washington, D.C., officials con-

ceded that Rewald may have been a "bit player" for the CIA.

Rewald's attorney has pointed out, as did Rewald in an affidavit filed last week, that Rewald has made no public claim that he has any relationship with the CIA.

"My only position thus far has been one of no comment to anyone in this regard," Rewald said.

It is ironic, however, that his attorney now is asking that Rewald's own classified affidavit and other material under court seal be allowed to be used in Rewald's defense.

The presence of CIA-related documents has created some confusion in court by the government officials who want to keep them under seal. Anticipating Smith's filing of more classified material last week, assistant U.S. Attorney John Peyton sought and was granted an order by Pence sealing any documents mentioning the CIA. Federal court clerks, however, said they did not have time to scan each document filed and said they would seal all documents related to the Rewald case and let the court sort it out.

Pence amended his ruling yesterday putting the burden of having appropriate documents sealed on the attorneys filing them.

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## **PACAF's Braswell retires today**

ADVERTISER 9/17/83

Lt. Gen. Arnold W. Braswell, who has commanded Pacific Air Forces during its post-Vietnam War modernization, will retire this morning after 35 years of active military service.

Gen. Jerome F. O'Malley, Air Force vice chief of staff, will preside at Braswell's retirement ceremony at 9:30 a.m. at Hickam Air Force Base.

Braswell, 57, PACAF commander-in-chief since July 1981, supervised the rejuvenation of U.S. air power in the Far East that now boasts new F-16 fighter-bombers and A-10 anti-tank aircraft in Korea, and F-15 fighter-interceptors and



**Braswell**

AWACS radar planes in Japan. Important strides also were made in the quality of life at PACAF bases.

Braswell also worked toward better cooperation with the U.S. Navy in maritime operations, and frequently emphasized in speeches the importance of industrial minerals to national security.

In keeping with the increased status of Pacific Air Forces, the Pentagon is expected to name a four-star general as Braswell's replacement. Until then, Maj. Gen. Fred Haeffner will be acting commander-in-chief.

Braswell was caught in the glare of public attention this summer for his personal involvement and investment in the embattled financial firm of Bishop, Baldwin, Rewald, Dillingham and Wong. He is expected to file after retirement a claim for any losses.

A 1948 West Point graduate, Braswell has been a fighter pilot, staff officer and commander in Korea, France, Germany, Vietnam, Turkey and Belgium. He was director of plans and policy for the Joint Chiefs of Staff in 1977 and '78, and came to Hickam after commanding the Tactical Air Command's 9th Air Force.

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Final Edition Beyond Oahu

# Flight 007's 'black box'

Aloha!

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Sept. 20, 1983

Hawaii

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## Trustee: Rewald can't hide behind CIA

By Walter Wright  
Advertiser Staff Writer

Ronald Rewald is trying to hide his company's bankruptcy and his own "highly questionable conduct" behind the "protective shroud of 'national security,'" the interim bankruptcy trustee said yesterday.

But, said trustee Thomas Hayes, "the dodge won't work."

The issue is whether Rewald's connection to the CIA is enough to affect bankruptcy proceedings against his embattled company. It comes to a head at 1:30 p.m. today before U.S. District Judge Martin Pence.

Hayes has said Rewald's company apparently provided cover, such as a mailing address and telephone, for five CIA "entities."

Pence has already held, after reviewing six envelopes of classifiable documents, that Rewald had an inflated view of the importance of his "contacts" with members and former members of the CIA.

But Pence nevertheless ordered that the six envelopes remain sealed.

Now Rewald's attorney, Robert A. Smith, says he has given Judge Pence "a great deal of information he did not have before" in the classified area.

It includes a confidential affidavit from Rewald, 95 confidential exhibits, and a confidential memorandum of law on the subject.

Only the judge and the government know if any of the documents provide new information. And the public may never know the extent of Rewald's ties to the intelligence community.

The CIA has spent hundreds of man-hours poring over company files to find and protect classifiable information.

One theory is that whatever Rewald's connection may have been, the release of even a small piece of information might jeopardize some CIA agent or operation which at one time was associated with some part of Rewald's business.

A former head of the CIA's Hawaii office, John Kindach, was among the world's "consultants" and is among the

investors now believed to have pumped \$12 million into the company.

Rewald hopes his arguments about classified information will prevent the court from ruling today that the firm of Bishop, Baldwin, Rewald, Dillingham and Wong is bankrupt. He also hopes to get the court to release some frozen assets so he can pay for his defense against theft charges and in civil cases.

Don Gelber, attorney for bankruptcy trustee Hayes, said in a filing with the court yesterday that the sole question before the court is whether Rewald's company was paying its debts when the

After Rewald's suicide attempt July 29 and the closing of company doors Aug. 1, no such debts were paid, Gelber said.

Gelber said there is no defense based on patriotic service, and that if there were, Rewald would not be entitled to it.

Those with an honest regard for the safety and security of their country do not desert their patriotism, exploit their

marginal connections with government agencies and employees to gain the confidence of the public, enrich themselves by defrauding investors, and then — when confronted — seek to absolve themselves of their criminal offenses, civil wrongs and ethical shortcomings by trying to conceal their deplorable conduct behind the protective shroud of 'national security,' Gelber said.

Attorney Smith said Rewald was entitled to use some of his own assets, now frozen by the court, for his defense. To insist that the assets aren't Rewald's because he allegedly stole them effectively convicts Rewald before trial, Smith said.

But Gelber said the company, "with depositors' money, has already provided Mr. Rewald with a mansion, a fleet of fancy automobiles, a string of polo ponies and show horses, two ranches, a tutor for his children, a chauffeur and other extravagances."

The depositors cannot now also be asked to pay for his defense, Gelber said.

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opposition.

Mrs. Marcos also said she hopes President Reagan will visit Manila in November as planned. Calling Reagan an "old friend," she said a cancellation would mean that the Philippines is "not important" to the United States.

I haven't thought that over," she replied when questioned by foreign reporters at a press conference.

Mrs. Marcos said she is abandoning politics because in the

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# Firm ruled bankrupt

from page one

company's study on the flight of capital from Hong Kong.

And the judge said whatever Rewald's CIA connections were, they were irrelevant to the issue of bankruptcy.

Pence had said earlier after looking at other classified material that Rewald, because of his contacts with present and former members of the CIA, "considered himself a more important, undisclosed private associate of the CIA organization than he actually was."

But the hearing before Pence yesterday left even more tantalizing questions than it answered about Rewald's link with the Central Intelligence Agency.

CIA attorney Robert M. LaPrade said in a carefully-worded affidavit that "on the basis of information that I am aware of I state the following:

• "(1) the CIA did not cause Bishop, Baldwin, Rewald, Dillingham and Wong to be created nor has the agency at any time owned, operated, controlled or invested in" the company;

• and, "(2) the CIA was not aware of and has had absolutely nothing to do with Ronald Rewald's alleged appropriation to himself of the funds of (the company) or its investors."

But the CIA, with Pence's blessing, nevertheless kept scores of Rewald's exhibits sealed for further "review."

And the agency censored huge chunks of Rewald's confidential affidavit in the case, all in the name of national security.

In fact, it appears from what was left in Rewald documents which were released yesterday that the CIA kept secret even the tiniest reference to itself or intelligence activities.

Judge Pence himself pierced the veil, twice:

Pence quoted from paragraph 21 of Rewald's confidential affidavit, saying that Rewald had claimed that "Bishop Baldwin's account at Hawaii National Bank, the main depository account, thus consisted of (1) funds from legitimate investors, consisting of their own monies; (2) funds from the CIA; and (3) cover funds from highly-placed foreigners."

The money, the judge quoted Rewald as saying, was "commingled," and used "for the purpose of (A) meeting the office overhead of Bishop Baldwin, (B) in legitimate Bishop Baldwin investment transactions, and (C) in CIA-directed investments."

Paragraph 21 was among those sealed by Pence at the CIA's request.

At another point, Judge Pence indicated Rewald had claimed

that the Hong Kong capital study was "brought about at the request of the CIA." But, the judge said, the exhibit offered to support that claim "did not in the slightest refer to anything in Hong Kong."

What is not known is what the exhibit did refer to. The exhibit, along with 60 of the other 94 exhibits submitted by Rewald, was sealed at the CIA's request.

According to a deposition filed earlier in the bankruptcy proceeding, Rewald had made similar claims earlier. A deposition signed by Tony Cabading, Rewald's former tax accountant, quoted Rewald as saying, "the money I am loaning, lending to the corporation, are from the CIA. All this money. But I ask them, what should I do with them. And they won't tell me."

Cabading said he was asking Rewald how the company had so much money to loan, when neither Rewald nor the company showed any income.

There has been some speculation — but no hard evidence — that some foreign nationals may have used Rewald's firm as a vehicle for removing funds from their countries.

Sources said, however, there are few depositors listed with the company with foreign addresses.

Rewald's confidential affidavit was heavily excised by the CIA before portions of it were released yesterday. In all, the CIA removed about 30 pages from the 57-page document because of references to the CIA.

Much of what was left repeated the claims Rewald made in another, "non-confidential" affidavit described in an Advertiser story Sunday. That non-confidential affidavit remains under the court's seal because of the interpretation placed on it by the court clerk's office.

It was what appeared to have been taken out of Rewald's affidavit that was interesting.

Rewald starts out giving a chronological story of his life, and gets to the point where, having married at the age of 18, he attended a junior college, Milwaukee Institute of Technology, "in the early 1960s."

The next several paragraphs are excised by the CIA, and the story picks up again when Rewald started working for a sporting goods company some time later.

The missing portion appears to coincide with that point in his life in which Rewald has falsely claimed he was earning degrees from Marquette University.

Later in the affidavit, Rewald says offhandedly that "of course" he had not obtained Marquette degrees — a com-

ment that suggests his Marquette story was somehow related to classifiable or CIA activities.

The CIA excised material from the story at a point when Rewald moves to Hawaii, both before and after his 1977 meeting with Sunny Wong and their establishment of an office on the 15th floor of the Amfac Building.

Whatever Rewald wanted to say about his activities from that point to the writing of the Hong Kong capital flight study in 1983 has been excised by the CIA, a period covering 16 pages in the narrative. The CIA also excised eight pages apparently dealing with matters from the time of his July 29 suicide attempt to the present day.

In between the censored portions, Rewald paints a grim picture of the plight of investors, "many of whom were my friends, family and relatives, all the people I cared about the most in the whole world."

His wife and children, Rewald says, are split up, living with relatives who had their life savings in Bishop Baldwin. "My oldest children (the Rewalds have five children, daughters aged 12, 13 and 17, and sons aged 15 and 19) had to quit school to get jobs. My wife is working as a housekeeper, trying to hold what's left of the family together."

And Rewald also offers more defense for the company's activities.

It was true, he said, that investors were once told their accounts were insured up to \$150,000 by the Federal Deposit Insurance Corporation, but that was only because of an aborted plan to deposit the money in insured bank accounts and to use those accounts as collateral for loans.

By that time, Rewald said, the entire investment account system had "mushroomed to the point of being too time-consuming and cumbersome to control." He said the company decided at a November 1982 board meeting to discontinue the accounts.

Among those listed as present at the meeting, by invitation, was Jack Kindschi, a company consultant and investor and former head of the CIA's office in Honolulu.

In April 1983, Rewald said, he told all consultants that "suitable investment alternatives would be found," but insisted no clients be advised of the change until they were found.

In June, Rewald said, he sent out another memo on the same point, and "we began turning down, literally, millions of dollars from potential clients who wanted to place their funds



Ronald Rewald  
Assets still frozen

with us."

He said he turned down \$4 million from some Big Island investors, and turned down Cale Carsor, who said he wanted to invest. Rewald said he understood it was Carson who then first complained to state authorities about Rewald's company.

Carson could not be reached last night.

Rewald apparently claims the company had \$3.6 million in assets which related to the CIA; paragraphs covering such assets are excised from his affidavit.

Rewald said he was planning an orderly transfer of client funds from the investment accounts to other investments such as the "legitimate" business opportunities coming his way. He also apparently was relying on some CIA connections as well; the CIA blanked out the rest of the sentence.

But, Rewald said, television reporter Barbara Tanabe's "attack" on the company July 29 started a "run" on the firm.

"I did attempt to take my life on July 29" following the television broadcast, for two reasons:

• "First and foremost, the disclosures made that day — of my previous bankruptcy, of pending investigations by the Department of Commerce and Consumer Affairs, Internal Revenue Service and FDIC, and charges that I had not played professional football (I had), or received degrees from Marquette University (of course I had not) — caused me shame, humiliation and embarrassment beyond measure.

"This was not so much for myself as for my family. I wanted to shield them from this public exposure of private and personal matters, and so I arranged that day for them to leave for Wisconsin."

• Whatever Rewald's second reason for attempting suicide was, he must have claimed it involved the CIA: the CIA excised it from the documents.

## Marcos takes appeal to U.S. people



Wednesday, September 21, 1983 Honolulu Star-Bulletin A-3

# Judge Orders Rewald's Firm into Bankruptcy

By Charles Memminger  
Star-Bulletin Writer

Discounting Ronald R. Rewald's claims that there are secret assets to cover some of the money owed investors in his company, a federal judge yesterday ordered the company into bankruptcy.

Rewald's attorney, Robert Smith, was obviously frustrated when U.S. Judge Martin Pence said he would not consider any of the secret affidavits and exhibits Smith had submitted in his attempt to account for some of the missing assets.

The secret documents apparently referred to Rewald's CIA connections in an attempt to explain why some Bishop, Baldwin, Rewald, Dillingham & Wong funds were unaccounted for and why some investments could not be discussed with investors.

For the first time yesterday, the CIA's position was stated clearly in one of the secret affidavits that was unsealed at the request of the U.S. Attorney's office.

Robert M. Laprade, attorney representing the CIA, said "the CIA did not cause Bishop, Baldwin, Rewald, Dillingham & Wong to be created nor has the agency at any time owned, operated, controlled or invested in BBRD&W" and the CIA was not aware of and has had absolutely nothing to do with Ronald Rewald's alleged appropriation to himself of the funds of BBRD&W or its investors.

PENCE MADE it clear early in the proceeding that he found nothing in any of the classified documents, which had been sealed by the court, that had any bearing on the creditors' motion that the company be forced into permanent bankruptcy.

Pence said the "classified assets" referred to in the secret documents are "pies in the sky" and have no bearing on the bankruptcy.

The judge also denied Smith's request that some of Rewald's "secret personal assets" be released for use in his defense. After the hearing, Smith said he could not comment on how long he will continue to represent Rewald without being paid. He said he will appeal Pence's order to the 9th U.S. Circuit Court of Appeals.

Pence's ruling clears the way for a permanent bankruptcy trustee to be appointed and for the liquidation of company assets to begin so investors can get at least part of their money back.

INTERIM TRUSTEE Thomas Hayes said he probably will not be the permanent trustee. Trustees get paid 1 percent of all the money they handle. But with few actual assets left in the company, Hayes has said it is not feasible to continue the work needed to sort out the company's finances. It is possible he will be hired on a salary by the permanent trustee.

Smith apparently planned to

rely heavily on Rewald's CIA connections to ward off the bankruptcy, but Pence issued his ruling based on a narrow aspect of U.S. bankruptcy law: Was the company paying its debts before it was forced into bankruptcy? Aug. 4? Pence decided it was not. Authorities have conceded that Rewald was a "bit player" for the CIA, but said he made more out of his involvement than there actually was.

UNABLE TO argue the CIA involvement, Smith could only point out that the situation the company found itself in at the end of July was "most irregular."

After Rewald's suicide attempt on July 29 the company shut its doors to avoid a "run" on the institution.

"No financial institution can be expected to have a run," Smith said.

But Robert Smolenski, representing the group of creditors who filed the bankruptcy petition, said that did not matter.

Investors put in funds with the understanding that they were fully accessible," he said. When they demanded their money, they did not receive it. He pointed out that at least one investor had asked for his money before the suicide attempt and did not get it.

Smolenski said Hayes has put company assets currently at about \$850,000, while investors put at least \$12 million into the company.

Don Gelber, attorney for Hayes, echoed Smolenski's remarks, saying that the debts were not paid, "and no secret affidavit can change that."

SMITH SAID that although \$12 million may have been put into the company, only about \$6 million has been claimed so far by creditors. Smith implied that the remaining money was connected to the CIA and said the fact that no one has come forward to claim the rest "ought to raise a question."

Smith argued that some of Rewald's assets should be released to pay for his defense attorneys because Rewald put up his own money as a down payment on his \$1 million home on Kalahele Highway, near Kuliouou.

He said Rewald has been unable to defend himself because of the court orders freezing his assets. "In our legal system, a man is entitled to a defense," Smith said.

But Smolenski pointed out that Rewald is responsible for some creditors' not having the money needed to prosecute their claims against the company and that, in effect, Rewald is asking for a loan from them to defend himself.

"We don't like his credit," Smolenski said.

Gelber likened Rewald's request to a person who kills his parents and then throws himself on the mercy of the court because he is an orphan.

## Very Little Revealed in 'Edited' Affidavit

By Charles Memminger  
Star-Bulletin Writer

For a few moments yesterday, it appeared that the public would get a peek at some of the secret claims made by Ronald R. Rewald in his sealed affidavit filed in federal court.

Assistant U.S. Attorney John Peyton allowed Rewald's confidential affidavit and a confidential memorandum by Rewald's attorney, Robert Smith, to be unsealed.

However, the previously secret material was a document riddled with large white areas, places where words, lines and whole paragraphs, apparently with references to the CIA, obviously were covered up before being mechanically reproduced.

The affidavit nevertheless sheds some light on Rewald's background and his feelings about what has happened to him. The white-out gaps between different parts of his testimony provide intriguing pauses.

FOR EXAMPLE, at one point Rewald describes his college education. He does not claim to have attended Marquette University or Marquette Law School, as he had in the past. Instead, he said he attended a two-year junior college, Milwaukee Institute of Technology. In his list of different activities he was involved in while in college, the first

white space appears. Sources have said that Rewald had been affiliated with the CIA while in college, as one of the students used to infiltrate student radical groups to determine if they were financed by foreign governments. Another large white area apparently refers to a report prepared by Bishop, Baldwin, Rewald, Dillingham & Wong on the flight of Hong Kong capital because of the pending takeover by China.

TWO FINANCIAL experts who reviewed the report at the request of the Star-Bulletin, described it as a lightweight piece "that could have been put together by high school students."

Rewald, in his affidavit, said the report is worth \$2 million in potential investments.

Judge Pence disagreed.

The affidavit describes the effect that Rewald's troubles and the collapse of his company are having on his family.

"My wife and children are split up, living with relatives who had their life savings in Bishop, Baldwin," he said.

"I am in prison on \$10 million bail and couldn't raise \$5,000 if my life depended on it. My oldest children had to quit school to get jobs. My wife is working as a housekeeper, trying to hold what's left of the family together."

The sentence is left incomplete, followed by a white space.

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# Public defender: don't give me Rewald

By Walter Wright 9/23/83  
Advertiser Staff Writer

Ronald Rewald is not entitled to have the public pay for his defense because he is not indigent, according to the state public defender.

Public Defender Barry Rubin said in court this week that his office has "made a preliminary determination" that Rewald's assets have to be counted on any personal balance sheet, even though they are under a federal court freeze.

Rubin suggested attorneys Brook Hart and Peter Wolff be ordered to continue as Ronald Rewald's criminal defense counsel, at a fee not to exceed \$6,000, because of all the free publicity they've gotten from the case.

Rewald's own civil attorney has estimated it would cost \$300,000 to \$500,000 to defend the embattled investment counselor.

Rubin warned that dumping the case on his shoulders would "cripple" his office "and undermine its ability to effectively represent the remainder of its clients."

Rubin's views were contained in a brief he filed this week as a "friend of the court" on the question of whether any of Rewald's claimed personal assets should be released from a federal court freeze so Rewald can pay defense attorneys.

U.S. District Court Judge Martin Pence turned down that request Wednesday.

The issue bounces back into state court Thursday, when Circuit Court Judge Robert Won Bae Chang will consider Hart and Wolff's request to be allowed to withdraw as counsel for their penniless client.

Rubin said his office believes Rewald's assets are his own, even if the court won't release any of them, and Rewald therefore does

not qualify as an indigent entitled to be represented by the public defender.

The federal court's refusal to release any assets would therefore leave Rewald "without recourse for obtaining counsel," Rubin said.

One alternative would be for a court to order the public defender to represent Rewald, Rubin said, but that would cripple the office.

Rubin urged the court to release \$6,000 — the maximum allowed by law for payment of court-appointed counsel in such a case.

Rewald is charged with two counts of felony theft in state court for which fees of \$1,500 each are allowable; the law also allows the fees to be doubled for good cause.

Rubin nominated Hart and Wolff to work for those fees.

"Since present counsel for Rewald has already begun the process of becoming familiar with the numerous documents and the many complexities of this case, counsel's continued representation would clearly be the most effective and efficient means to reach a just result," Rubin said.

"Furthermore, present counsel has already availed themselves of the prodigious amount of publicity that has surrounded this case."

Unless some money is released to pay them, Rubin said, Hart and Wolff "would in effect be permitted to profit from the initial publicity and then extricate itself in time to avoid the costs and hardships of proceeding further by unloading the burden on this office."

Claims against Rewald's bankrupt firm, Bishop, Baldwin, Rewald, Dillingham and Wong, yesterday reached more than \$8.4 million.

A federal grand jury continued yesterday to hear testimony from employees of the firm.